

**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02197A  
Humboldt Water Systems, Inc.  
PO Box 10593  
Sedona, AZ 86339

**ANNUAL REPORT**

**FOR YEAR ENDING**

12	31	2006
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FOR COMMISSION USE

ANN 04	06
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PROCESSED BY:

4-11-07 RF

SCANNED

## COMPANY INFORMATION

<b>Company Name (Business Name)</b> <u>Humboldt Water Systems Inc.</u>		
Mailing Address <u>PO Box 10593</u> (Street)		
<u>Sedona</u> (City)	<u>Arizona</u> (State)	<u>86339</u> (Zip)
<u>928-203-0890</u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u>928-301-3723</u> Pager/Cell No. (Include Area Code)
Email Address <u>timkyllo@msn.com</u>		
Local Office Mailing Address <u>PO Box 10593</u> (Street)		
<u>Sedona</u> (City)	<u>AZ</u> (State)	<u>86339</u> (Zip)
<u></u> Local Office Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u></u> Pager/Cell No. (Include Area Code)
Email Address <u></u>		

## MANAGEMENT INFORMATION

<b>Management Contact:</b> <u>Tim Kylo</u> (Name)		<u>Pres</u> (Title)
<u>PO Box 10593</u> (Street)	<u>Sedona</u> (City)	<u>AZ</u> (State)
<u></u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u>86339</u> (Zip)
Email Address <u></u>		
<b>On Site Manager:</b> <u>Tim Kylo</u> (Name)		
<u>PO Box 10593</u> (Street)	<u>Sedona</u> (City)	<u>AZ</u> (State)
<u></u> Telephone No. (Include Area Code)	<u></u> Fax No. (Include Area Code)	<u>86339</u> (Zip)
Email Address <u></u>		

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

<b>Statutory Agent:</b> <u>Tim Kylo</u>			
(Name)			
<u>PO Box 10593</u>	<u>Sedona</u>	<u>AZ</u>	<u>86339</u>
(Street)	(City)	(State)	(Zip)
<u>928 204 0604</u>			
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	
<b>Attorney:</b> <u>NONE</u>			
(Name)			
(Street)	(City)	(State)	(Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)	

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |   |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S)    | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input checked="" type="checkbox"/> Subchapter S Corporation (Z)          |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                            |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                        |
| <input type="checkbox"/> Other (Describe) _____ |   |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |   |                                   |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE            | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM             | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA           | <input type="checkbox"/> MOHAVE   |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA               | <input type="checkbox"/> PINAL    |
| <input type="checkbox"/> SANTA CRUZ | <input checked="" type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA     |
| <input type="checkbox"/> STATEWIDE  |   |                                   |

**COMPANY NAME Humboldt Water**

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization	2,378	951	1,427
302	Franchises			
303	Land and Land Rights	6,650	0	6,650
304	Structures and Improvements	10,041	2,675	7,366
307	Wells and Springs	19,897	18,139	1,758
311	Pumping Equipment	48,916	42,546	6,370
320	Water Treatment Equipment	2,087	2,087	0
330	Distribution Reservoirs and Standpipes	47,943	34,311	13,632
331	Transmission and Distribution Mains	119,437	89,802	29,635
333	Services	49,623	25,139	24,484
334	Meters and Meter Installations	33,131	23,061	10,070
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	<b>340,103</b>	<b>238,711</b>	<b>94,742</b>

This amount goes on the Balance Sheet Acct. No. 108

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	2,378	5%	119
302	Franchises			
303	Land and Land Rights	6,650	0	0
304	Structures and Improvements	10,041	5%	502
307	Wells and Springs	19,897	5%	995
311	Pumping Equipment	48,916	5%	2,446
320	Water Treatment Equipment	2,087		0
330	Distribution Reservoirs and Standpipes	47,943	5%	2,397
331	Transmission and Distribution Mains	119,437	5%	5,972
333	Services	49,623	5%	2,481
334	Meters and Meter Installations	33,131	5%	1,656
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	<b>TOTALS</b>	340,103		16,568

This amount goes on the Comparative Statement of Income and Expense \_\_\_\_\_  
 Acct. No. 403.

**BALANCE SHEET**

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 6,030	\$ 5,349
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable		
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 6,030	\$ 5,349
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 330,635	\$ 340,103
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	222,141	238,711
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$108,494	\$ 101,392
	<b>TOTAL ASSETS</b>	<b>\$ 114,524</b>	<b>\$ 106,741</b>

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

**BALANCE SHEET (CONTINUED)**

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	18,721	19,476
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 18,721	\$ 19,476
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 26,133	\$ 23,071
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	33,359	40,424
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$ 33,359	\$ 40,424
	<b>TOTAL LIABILITIES</b>	\$ 78,213	\$ 82,971
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 2,013	\$ 2,013
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	(46,598)	21,757
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$	\$ 23,770
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 114,524	\$ 106,741

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 116,082	\$ 124,738
460	Unmetered Water Revenue		
474	Other Water Revenues	945	1,150
	<b>TOTAL REVENUES</b>	\$ 117,027	\$ 133,181
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	8,434	10,704
618	Chemicals	3,784	945
620	Repairs and Maintenance	34,181	31,759
621	Office Supplies and Expense	1,200	1,200
630	Outside Services	50,114	54,018
635	Water Testing	1,519	2,291
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	4,000	4,250
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	1,200	1,200
403	Depreciation Expense	16,095	16,568
408	Taxes Other Than Income		
408.11	Property Taxes	5,922	5,441
409	Income Tax		
	<b>TOTAL OPERATING EXPENSES</b>	\$ 126,449	\$ 128,226
	<b>OPERATING INCOME/(LOSS)</b>	\$ (9,422)	\$ 4,955
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	867	851
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$	\$
	<b>NET INCOME/(LOSS)</b>	\$ (10,289)	\$ 4,104



**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	01/09/99			
Source of Loan	wifa			
ACC Decision No.	61529			
Reason for Loan	improvements			
Dollar Amount Issued	\$39,500	\$	\$	\$
Amount Outstanding	\$27,749	\$	\$	\$
Date of Maturity	12/31/2019			
Interest Rate	5.81 %	%	%	%
Current Year Interest	\$851	\$	\$	\$
Current Year Principle	\$2,429	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 19,476

Meter Deposits Refunded During the Test Year

\$ 1,475

COMPANY NAME Humboldt Water

## WATER COMPANY PLANT DESCRIPTION

### WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
623784	5	40	150	6	1 1/2	?
533639	10	150	300	8	3	1991

\* Arizona Department of Water Resources Identification Number

### OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
10	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
65,000	1		
10,000	1		
5,000	1		

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)****MAINS**

Size (in inches)	Material	Length (in feet)
2	Steel	10,000
3		
4	pvc	15,740
5	Steel	3,500
6		
8		
10		
12		

**CUSTOMER METERS**

Size (in inches)	Quantity
5/8 X 3/4	
3/4	312
1	3
1 1/2	1
2	3
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

## TREATMENT EQUIPMENT:

\_\_\_\_\_ Chlorine injector

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## STRUCTURES:

\_\_\_\_\_ Fenced well lot and building

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

## OTHER:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

COMPANY NAME: Humboldt Water Systems

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR** <sup>2006</sup>~~2005~~

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	299	1,520	2,286
FEBRUARY	298	1,421	1,471
MARCH	304	1,421	1,655
APRIL	303	1,561	2,474
MAY	301	2,043	2,394
JUNE	305	2,361	2,465
JULY	303	2,465	2,685
AUGUST	311	2,070	2,139
SEPTEMBER	306	1,830	2,161
OCTOBER	309	1,953	2,168
NOVEMBER	306	1,626	2,140
DECEMBER	319	1,439	1,950
TOTAL		21,710	225,988

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( x ) Yes                      ( ) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes                      ( x ) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. .03 mg/l  
(If more than one well, please list each separately.)

*Note: If you are filing for more than one system, please provide separate data sheets for each system.*

COMPANY NAME Humboldt Water YEAR ENDING 12/31/2006

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 5,441

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

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COMPANY NAME Humboldt Water YEAR ENDING 12/31/2006

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported s-corp  
Estimated or Actual Federal Tax Liability \_\_\_\_\_

State Taxable Income Reported \_\_\_\_\_  
Estimated or Actual State Tax Liability \_\_\_\_\_

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances \_\_\_\_\_  
Amount of Gross-Up Tax Collected \_\_\_\_\_  
Total Grossed-Up Contributions/Advances \_\_\_\_\_

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

_____ SIGNATURE	_____ 04/04/07 DATE
_____ Timothy L Kylo PRINTED NAME	_____ President TITLE

**VERIFICATION  
AND  
SWORN STATEMENT  
Intrastate Revenues Only**

**VERIFICATION**

STATE OF   AZ  

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <b>Yavapai</b>
NAME (OWNER OR OFFICIAL) TITLE <i>Timothy L. Kylo</i>
COMPANY NAME <i>Humboldt Water Systems Inc</i>

**DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION**

**FOR THE YEAR ENDING**

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**


IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 132,031

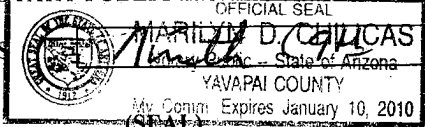
(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 7,293  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

  
SIGNATURE OF OWNER OR OFFICIAL  
928-203-0890  
TELEPHONE NUMBER

**SUBSCRIBED AND SWORN TO BEFORE ME**

**A NOTARY PUBLIC IN AND FOR THE COUNTY OF**

THIS  DAY OF

COUNTY NAME	OFFICIAL SEAL
MARILYN D. CHILICAS	Notary Public - State of Arizona YAVAPAI COUNTY My Comm. Expires January 10, 2010

  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES January 10, 2010

**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	Yavapai	
NAME (OWNER OR OFFICIAL)	Timothy L Kylo	TITLE President
COMPANY NAME	Humboldt Water Systems Inc.	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**


IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 127,731

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 7,035  
IN SALES TAXES BILLED, OR COLLECTED)

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

  
SIGNATURE OF OWNER OR OFFICIAL  
928-203-0890  
TELEPHONE NUMBER

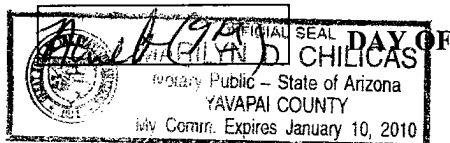
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

(SEAL)

MY COMMISSION EXPIRES



NOTARY PUBLIC NAME MARILYN D. CHILICAS	
COUNTY NAME YAVAPAI	
MONTH APRIL	2007

X   
SIGNATURE OF NOTARY PUBLIC

January 10, 2010



## **FINANCIAL INFORMATION**

Attach to this annual report a copy of the companies' year-end (Calendar Year 2004) financial statements. If you do not compile these reports, the Utilities Division will supply you with blank financial statements for completion and filing. **ALL INFORMATION MUST BE ARIZONA-SPECIFIC AND REFLECT OPERATING RESULTS IN ARIZONA.**